
Sustainable Health Care Cost Growth Target Advisory Committee

January 18, 2023



Welcome

- New members / introductions
- November meeting summary review
- Agenda review
 - 2023 Workplan
 - 2023 Legislative Session
 - Potential Adjustments to the CGT – Next Steps
 - Prescription Drug Affordability Board Report
 - Public Comment (11:45 AM)

Group Agreements

Group agreements outline behaviors and actions that we all agree to exhibit as we work together. Advisory Committee members will...

- Actively listen
- Share ideas and opinions
- Ask questions
- Be open
- Be respectful
- Be mindful of biases
- Check in regularly for consensus
- Trust intent and explore impact
- Review materials prior to meetings
- Start and end meetings on time

2023 Advisory Committee Meeting Schedule & Workplan

Cost Growth Target Program: Key Activities in 2023

- Payer and provider organization level public reporting begins (spring)
- Cost growth target public hearing (spring)
- Accountability rulemaking (summer/fall)
- Identification & selection of cost growth mitigation strategies (ongoing)

Date	Tentative Topics	Related
Jan 18	<ul style="list-style-type: none"> • Overview of 2023 Legislative Session • Potential adjustments to cost growth target • Prescription Drug Affordability Board report • Strategies to address pharmacy costs • Launch cost / equity workgroup? 	Legislative session starts
Mar 15	<ul style="list-style-type: none"> • 2018-2020 Cost Trends Data • Cost growth mitigation strategies – pharmacy? • Public report / public hearing planning • Accountability – PIPs and penalty development 	
May 17	<ul style="list-style-type: none"> • 2020-2021 Cost Trends Data: payer and provider organization level performance • Accountability – PIPs and penalty development • Cost growth mitigation strategies • DCBS Rate Review and Cost Growth Target 	CGT Public Hearing

Date	Tentative Topics	Related
Jul 19	<ul style="list-style-type: none"> • Debrief from public hearing - more discussion with payers and provider organizations? • Debrief from legislative session – summary of bills that will affect CGT and cost growth • VBP Compact – 2021 data, workgroup updates, VBP targets beyond 2024 	
Sep 20	<ul style="list-style-type: none"> • VBP Compact part 2 • Cost growth mitigation strategies • Accountability rulemaking • Report back from cost / equity workgroup 	2023 CGT data submission due
Nov 15	<ul style="list-style-type: none"> • Cost growth mitigation strategies – finalize committee recommendations • Committee 2023 report • 2024 workplan 	

Health Care Cost Growth & Equity

Initial Recommendations (2021)

The Implementation Committee recommended strategies for quality and equity in the Cost Growth Target Program:

- 1. Public reporting on a standard set of quality measures**
- 2. Monitoring for negative impacts of cost growth target**
- 3. Conduct analyses and activities to improve equity**
Initial focus on conducting cost analyses on variation in utilization and cost across populations.
- 4. Additional strategies**
Convening provider collaboratives, addressing low value care and avoidable complications, etc.

<https://www.oregon.gov/oha/HPA/HP/HCCGBDocs/Cost%20Growth%20Target%20Committee%20Recommendations%20Report%20FINAL%2001.25.21.pdf>

Work completed in 2022

- Worked with Health Equity Committee and Health Plan Quality Metrics Committee to identify list of standardized quality measures to be used for monitoring.
- Published data brief and held public hearing on impacts of costs to people in Oregon (stratified data where possible)
- Learning about quality & equity efforts in other cost growth target states, looked for opportunities to align.
- Explored potential data sources and opportunities to monitor negative impacts in the health care workforce.
- Started building analysis for exploring variation in cost and utilization by populations

Continuing this work in 2023

Opportunity for the Advisory Committee to learn more about how other states are thinking about equity and health care cost growth and their strategies.

Opportunity to align with and learn from other health equity efforts in Oregon.

Proposal: create a workgroup (subset of Committee members) to explore additional opportunities to infuse an equity approach into health care cost containment and bring ideas back to the full Committee.

Proposed Cost & Equity Workgroup

Purpose: Deeper discussion and exploration of how to advance initial recommendations and further integrate equity into health care cost containment.

Deliverable: Recommendation(s) for Advisory Committee consideration and adoption.

Timing: 4 to 6 meetings between Feb – Sept.

Members: 3-5 Advisory Committee members; several Health Equity Committee members?; staff and consultant support.

2023 Legislative Session

Ashley Thirstrup
Phillip Schmidt



Purpose

Provide an overview of bills in the 2023 Legislative Session related to health care cost growth for the Advisory Committee's information.

- Bills about the Health Care Cost Growth Target Program
- Bills that have the potential to impact health care cost growth



Disclaimer

- This presentation is for information only.
- OHA does not have a position on any of these bills.
- OHA is not asking the Committee to take a position on any of these bills.



2023 Legislative Session – Key Dates

January 17: Legislative Session Begins

March 17: 1st Chamber Work Session Posting Deadline

April 4: 1st Chamber Deadline

May 5: 2nd Chamber Work Session Posting Deadline

May 19th: 2nd Chamber Deadline

June 15: Target Sine Die

June 25: Constitutional Sine Die

Bills about the Health Care Cost Growth Target Program

House Bill 2091

Summary

Delays penalties under Health Care Cost Growth Target program until 2026.

Sponsor(s)

Representative Javadi,
Representative Reynolds

Details

- Delays OHA from putting any payer or provider org on a performance improvement plan for exceeding the cost growth target from 2023 (based on cost growth between 2021-2022) until 2026 (cost growth between 2025-2026).
- Delays imposing financial penalties for exceeding the cost growth target from 2026 to 2029.

<https://olis.oregonlegislature.gov/liz/2023R1/Measures/Overview/HB2091>

House Bill 2742

Summary

Excludes certain costs from consideration as total health care expenditures (THCE) for purposes of the Health Care Cost Growth Target program

Sponsor(s)

Representative Goodwin

Details

- Exempts from THCE any costs incurred by a health care entity to meet a community's need for access to health care, including but not limited to workforce costs, pharmaceutical costs, and costs of essential services.
- Requires preparation of fiscal impact statement for measures expected to affect ability of state or health care entities to meet health care cost growth targets.

House Bill 2085

Summary

Changes name of Health Care Cost Growth Target program to Premium Cost Growth Target program. Restricts scope of program to reducing growth in premium costs

Sponsor(s)

Representative Javadi,
Representative Reynolds

Details

- Removes provider organizations from the Cost Growth Target program.
- Changes the CGT program from measuring total health care expenditures to measuring premium cost growth.
- Program would measure and hold accountable payers for premium cost growth.

<https://olis.oregonlegislature.gov/liz/2023R1/Measures/Overview/HB2085>

Bills that have the potential to impact health care cost growth

(Not an exhaustive list)

Insurance Coverage Bills

- **HB 2538** – requires health insurance coverage of health care interpretation services that are legally mandated.
- **HB 2545** – requires health insurance reimbursement of cost of behavioral health care services provided by master's degree level students under clinical supervision.
- **SB 491** – requires health insurance coverage of specified fertility services and treatments.
- **SB 628** – requires health benefit plan and health care service contract coverage of pediatric autoimmune neuropsychiatric disorders.

Pharmacy Bills

- **HB 2715** – Prohibits insurers and PBMs from restricting coverage of physician-administrated drugs (PAD) that are obtained by non-participating pharmacies.
- **HB 2716** – PBMs and insurance must not “discriminate” against 340B; PBMs must not pay pharmacies less than an affiliate of the PBM.
- **HB 2725** – prohibits PBMs from imposing fees on rural pharmacies after the point of sale
- **HB 2762** – require health benefit plans and PBMs to provide certain drug information to enrollees
- **HB 3013** – PBM changes – pay small chains Medicaid FFS rate, allow any willing pharmacy provider, don’t require 340B modifier, etc.
- **HB 3015** – Prohibit PBMs recouping money from pharmacies after adjudication.
- **SB 608** – Prohibits insurers and PBMs from requiring 340B modifier; requires OHA to adopt dispensing fee to be paid to pharmacies and pharmacists dispensing drugs to OHP members.

Other Bills with Health Care Cost Implications

- **HB 2537 / SB 486** – requires Medicaid to make per diem payments to hospitals for patients they cannot discharge.
- **HB 2878** – establishes Aligning for Health Pilot Program to test alternative methods for payment for health care
- **HB 2432** – requires DCBS to study trends in reimbursement paid to health care providers by insurers and TPAs.

For More Information

Oregon Legislative Information System (OLIS)

- Sign up to follow bills
- Watch hearings and work sessions

<https://olis.oregonlegislature.gov/>



Potential Adjustments to the Cost Growth Target

Staff recommendation and next steps

In November, the Committee reviewed...

- The timeline for when accountability measures phase in
- The list of factors that may cause an entity to reasonably exceed the cost growth target, including macroeconomic factors
- The relationship between inflation and health care spending
- Data on current and historic inflation and wage growth
- How the Implementation Committee initially set Oregon's target
- How other states are revisiting their cost growth target

See November slides:

<https://www.oregon.gov/oha/HPA/HP/Cost%20Growth%20Target%20Meeting%20Documents/03.-CGT-Advisory-Committee-Slides-Nov-2022.pdf>

November Recap

1. Inflation impacts health care spending growth.
2. The impact is not immediate but is delayed or “lagged.”
3. General inflation in the U.S., as measured using personal consumption expenditures (PCE), is dramatically higher than it has been for the past two decades.
4. Health care prices in the U.S. have grown at slightly elevated rates the last few months. We can anticipate elevated growth into 2023.

Finally, we note that general inflation is forecast to significantly drop in 2023, largely in response to rising interest rates.

Oregon's accountability measures are phased in

		We are here				
CGT Year	0	1	2	3	4	5
Cost growth between	2018 – 20	2020 – 21	2021 – 22	2022 – 23	2023 –24	2024 – 25
Data submitted in	2021	2022	2023	2024	2025	2026
Report published in	2022	2023	2024	2025	2026	2027
Are payers/providers publicly identified?	No	Yes	Yes	Yes	Yes	Yes
Do PIPs apply?	No	No	Yes	Yes	Yes	Yes
Does \$ penalty apply?	No	No	No	No	No	Yes

Potential factors that may cause a payer or provider organization to reasonably exceed the cost growth target:

Changes in
mandated benefits

New pharmaceuticals
or treatments

Changes in taxes
or other
administrative
factors

“Acts of God”

Changes in federal
or state law

Investments to
improve population
health and/or
address health
equity

Macro-economic
factors

Alternatives Considered by Other States	Adopted by:
1. Make no adjustments. Hold insurers and provider entities to current target values.	
2. Make no adjustments. Commit to acknowledging the impact of inflation and labor shortages when interpreting results.	Oregon's current approach
3. Create a specific allowance for exceeding the target on a time-limited basis for those years with very high inflation.	Rhode Island <i>Modifying for 2023-2025</i>
4. Redefine the target values on a time-limited basis for those years with very high inflation.	Massachusetts <i>Increased target for 2023</i>
5. Waive the targets during the period of high inflation.	

Key Considerations

1. How should Oregon balance protecting consumers who face rising inflation and a potential recession with being fair to provider organizations and insurers that are experiencing greatly increased costs?
2. What precedent will be set if Oregon chooses to modify cost growth target values?
3. On what basis should any modification be made, and for what duration?

Summary of November Discussion

- It's really important to provide more clarity and direction [for payers and provider organizations]
- While some hesitancy to change number around, Committee members expressed a slight preference for creating a short-term adjustment or allowance to the cost growth target that's public / official, rather than leaving everything to the determination of reasonableness discussion.
- Maybe not totally clear on the difference between a built-in adjustment [that would change the target value] and a built-in pre-recognition of macro-economic factors [that would not change the target value]

OHA Recommendation

- Keep the cost growth target value as currently set, at 3.4%
- Keep macro-economic factors on the list of good reasons
- **OHA will not put any payer or provider organization on a PIP for 2021-2022 cost growth (i.e. delay accountability 1 year)**

When we have the 2021-2022 cost growth data in May, look at what is happening statewide compared to 3.4%. Identify outliers.

Once we have data for this period, can discuss further adjustments for future years, but do not make changes ahead of having data.

BREAK

Prescription Drug Affordability Board Report & Strategies for Addressing Prescription Drug Costs

Today

- Presentation: Prescription Drug Affordability Board (PDAB) Annual Report & Recommendations
- Committee discussion and Q&A
- Decision: Committee endorsement of the PDAB Report & Recommendations?
- Discussion: other strategies for addressing pharmacy costs that the CGT Advisory Committee wants to recommend at this time?
- Next steps for March



Oregon Prescription Drug
Affordability Board



Presentation to the Cost Growth Target Advisory Committee on 2022 recommendations to the Oregon Legislature

Ralph Magrish, executive director
January 18, 2023

PDAB introduction

Purpose:

- Created under SB 844 (2021) to protect Oregonians, state and local governments, commercial health plans, health care providers, pharmacies, and others within the health care system from the high costs of prescription drugs

Composition:

- Five members and three alternates appointed by the governor and confirmed by the Senate
- Required background in clinical medicine or health care economics



Oregon Prescription Drug
Affordability Board



PDAB Functions

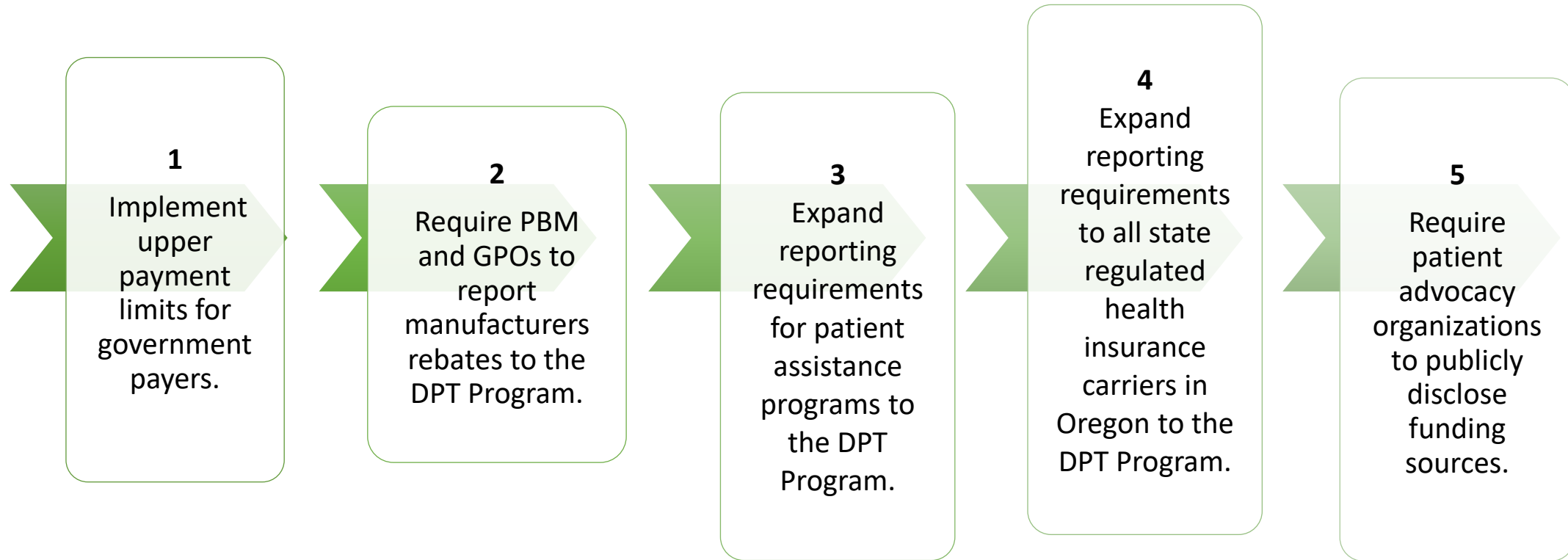
- Drug Affordability Reviews – Identify nine drugs and at least one insulin product that may create affordability challenges for health care systems or high out-of-pocket costs for patients based on criteria adopted by the board
- Studying the entire prescription drug distribution and payment system in Oregon and around the world designed to lower the list price of prescription drugs
- Make recommendations to the legislature for statutory changes



Oregon Prescription Drug
Affordability Board



PDAB legislative recommendations for 2022



2022 Prescription Drug Affordability Board recommendations for making prescription drugs more affordable for Oregonians

PBM: pharmacy benefit managers
GPO: group purchasing organizations
DPT: drug price transparency



Oregon Prescription Drug
Affordability Board



Recommendation #1 – Implement upper payment limits for state and local governments

1
Implement
upper
payment
limits for
government
payers

Currently

- PDAB mandated to conduct affordability reviews to identify nine drugs and at least one insulin product it determines may create affordability challenges for the health care system or high out-of-pocket costs for patients based in the state.
- PDAB can now only track and study these rate-setting efforts in other states.
- Language granting the PDAB authority to set UPLs was removed from original legislation prior to passage.

Recommendation

- Grant the PDAB authority to set a UPL for state and local government purchasers for drugs identified that have or will lead to affordability challenges. Purchasers include:
 - ❖ State or county correctional facilities
 - ❖ State hospitals
 - ❖ Health clinics at state institutions of higher learning
 - ❖ Drugs paid for through a health benefit plan on behalf of a unit of state or local government
- Flexibility to amend or suspend UPL if shortages



Recommendation #2 – Transparency in supply chain (rebates)

2

Require PBM and GPOs to report manufacturers rebates to the DPT program.

Currently

- Limited transparency in the supply chain.
- Rebates and payments influence price of drugs at the pharmacy counter and through health insurance premiums in ways unknown to regulators.

Recommendation

- Require PBMs and GPO, which are either used or owned by PBMs to operate rebate programs, to report aggregated rebates and other payments from manufacturers annually to the DPT Program at DCBS and publish online.
- Additional reporting will allow PDAB and the Legislature to better understand the economic factors involved in drug pricing.
- Collect the following information from PBMs and GPOs annually:
 - ❖ The aggregated dollar amount of rebates, fees, price protection payments, and any other payments the PBM or GPO received from manufacturers related to managing pharmacy benefits for health insurance carriers issuing health benefit plans in the state
 - ❖ The aggregated dollar amount of rebates, fees, price protection payments, and any other payments the PBM or GPO received from manufacturers that were:
 - Passed to carriers issuing health benefit plans in this state
 - Passed to enrollees at the point of sale of a prescription drug in this state
 - Retained as revenue by the PBM or GPO



Recommendation #3 – Expand reporting requirements for patient assistance programs

3
Expand reporting requirements for patient assistance programs to the DPT program.

Currently

- The DPT program's PAP reporting requirements are poorly matched to the market landscape.
- Currently, only drugs subject to price increase reporting requirements must also report PAP information.
- New-to-market drug reports do not require any PAP reporting, and most price increase reports are for generic drugs, which are extremely unlikely to maintain a PAP.

Recommendation

- Remove the PAP reporting requirement from DPT price increase reports and require all manufacturers to report annually on all PAPs they maintain or fund.
- More comprehensive data on PAPs will provide deeper and more informed analysis to help the DPT Program, the PDAB and the Legislature better understand the roles of both patient assistance and co-pay accumulators in developing future policies.



Recommendation #4 – Expand reporting to more insurers for DPT Program

Currently

- Carriers are required to submit rate filings only if they offer individual or small group health benefit plans.
- Some commercially insured plans (those that are not self-funded) do not participate in these markets and are not required to submit drug spending reports.
- May result in an incomplete picture of health plan spending on drugs in Oregon.

Data points collected

- Top 25 most:
- Prescribed drugs
 - Highest total health plan spending
 - Greatest increase in year-over-year spending

Currently reported data:

- Total dollars paid for drugs by insured and by insurer after rebates and other price concessions.
- Dollars paid for drugs by insured and insurer after rebates, etc., on a per member, per month basis.
- Dollars paid for drugs by insurer after rebates, etc., as a percent of premium collected.
- Total dollars received by insurer in rebates and other price concessions.
- All broken out by market and insurer.

Recommendation

Separate the rate filing and the drug spending reporting and expand the application of the required drug spending reporting to all state regulated health insurance carriers in Oregon.



Recommendation #5 – Require patient advocacy organizations to publicly disclose funding sources

5

Require patient advocacy organizations to publicly disclose funding sources.

Currently

PDAB lacks statutory authority to require patient advocacy groups to disclose their industry funding sources for the PDAB to understand these financial ties and potential influences.

Recommendation

Patient advocacy groups disclose their industry funding sources publicly for contribution amounts received from third parties, including:

- Manufacturers, PBMs, or other groups
- Percentage of the gross income of the organization during the immediately preceding calendar year is attributable to:
 - ❖ Payments
 - ❖ Donations
 - ❖ Subsidies, or
 - ❖ Other contributions from each manufacturer, third party, PBM, or group.



Questions & Discussion



Decisions

Does the Cost Growth Target Advisory Committee accept the Prescription Drug Affordability Board Report?

Does the Cost Growth Target Advisory Committee endorse the Prescription Drug Affordability Board recommendations?



Additional Recommendations

In September, the Committee reviewed a range of potential strategies and policies to address prescription drug costs.

Are there additional recommendations to address prescription drug costs that the Cost Growth Target Advisory Committee would like to make at this time?



Next Steps

How would the Advisory Committee like to continue this conversation?



Public Comment

11:45 AM

Guidance for providing public comments

- If you signed up in advance to provide spoken public comments, we will call on you to share your comments
- You will have two minutes to provide your comments
- Please state your name and organization or affiliation (if any)

PUBLIC COMMENT



Wrap Up



**Our next meeting is Wednesday,
March 15, 2023 at 9:00 AM**